

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### ***Drop In Libyan Oil Production 'Threatens Its Stability' – UN.***

The UN has warned that the slowdown in Libya's oil output and exports over a domestic funding dispute, could severely impact the country's stability if it continues for much longer. *"The uninterrupted production of oil, as well as maintaining the independence and impartiality of the NOC, remains a vital cornerstone to the economic, social and political stability of Libya,"* the UN Support Mission in Libya was quoted as saying yesterday by the 'Arab News' website. Their warning comes following news that there could be a further shutdown of certain oil facilities in the country, in addition to the recent halt of operations at the port of Hariga. Libya's crude production is now estimated to be around 900,000 bpd compared to a recent average of 1.30 mio bpd. Meanwhile, the EIA announced yesterday that US oil inventories rose by 594,000 barrels last week to 493 mio barrels, against expectations of a 3 mio barrel draw. However, stocks of distillates fell by 1.1 mio to 142.40 mio barrels and US Gulf Coast refiners have reportedly boosted capacity to their highest level since March last year in anticipation of stronger fuel demand as the northern hemisphere heads into summer.

#### ***US Commits To Halving Its Carbon Emissions By 2030.***

President Biden's administration yesterday unveiled an ambitious plan to fight climate change and reduce US greenhouse gas emissions by 50-52% by the end of this decade. During his speech at a virtual 'Earth Day' summit, Biden claimed that a shift to cleaner energy would create *"millions of good paying union jobs"* and that those countries who act on combatting the climate crisis will *"reap the economic benefits of the clean energy boom that's coming,"* adding *"This is a moral imperative, an economic imperative, a moment of peril, but also a moment of extraordinary possibilities. Time is short but I believe we can do this and I believe we will do this."* Biden's clean energy drive and emission reduction target will put more pressure on the US oil and gas industry and this was partially highlighted a few days ago, when the US Department of the Interior cancelled oil and gas lease sales on public

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land through June 2021 amidst an ongoing review of how the program contributes to climate change. According to an EIA report, around 46% of US energy-related CO2 emissions came from the burning of petroleum fuels, 33% from burning natural gas, and 21% from burning coal during 2019.

### **Trading Volumes In Murban Crude Futures Continue To Rise.**

A reported 18,848 of Murban crude contracts traded on Tuesday this week, which is the highest daily number reported since the launch of Murban on the Ice Futures Abu Dhabi exchange at the end of last month. *"Although we are only in week four, we are seeing week-on-week growth in traded volumes and open interest in both the prompt and deferred months, with activity out to January 2022. New daily volume records are being set each week and there is an increasing number of participants trading Murban,"* the President of IFAD, Jamal Oulhadj, was quoted as saying by the 'National' newspaper.

### **Saudi Arabia Intercepts Three Armed Drones.**

Saudi Arabia's air defence units, successfully intercepted three armed drones launched from Yemen towards the Kingdom's southern cities of Jazan and Khamis Mushait overnight, according to the country's state media outlet. The number of such attempted attacks have increased in the past few weeks and this issue was highlighted by the US envoy to Yemen, Tim Lenderking, in his recent testimony to a Senate Foreign Relations committee. *"What I see is continued aiding and abetting of the Houthis by the Iranians so that they can continue attacking Saudi Arabia, and unfortunately those attacks have risen quite strongly in the last couple of months,"* Lenderking was reported to have said during his testimony, adding that that increased pressure on the Houthis was *"definitely necessary."*

### **US Adds Over 100 Countries To Its 'Do Not Travel' List.**

The US State Department has added 115 countries and territories to its 'Level 4- Do Not Travel' list which it says carry a high risk of COVID-19 infection. Some of the countries included on this list include; Canada, the UK and most of Europe. This is a huge increase from the only 30 countries carrying the State Department's Level 4 warning last week. You can access the full list [here](#).

### **Major Turkish Crypto Exchange Halts Operations.**

One of Turkey's cryptocurrency exchanges, which had an estimated 400,000 users, has frozen its operations and its CEO has apparently left the country, according to various media reports. Thodex had posted a statement on its website claiming that it would be closed for a few days due to negotiations over a potential outside investment. The Turkish authorities have since moved to block the company's accounts and raided its head office after a number of investors filed criminal complaints. The potential collapse of the exchange could well see its users face severe losses, with a local newspaper suggesting that these may total more than US\$2 bio. You can read more on this story [here](#).

### **The 'Worst Is Over' For Dubai's Real Estate Market – Report.**

According to a recent report published by Betterhomes the *"worst is over"* for Dubai's residential property market. Some of the more positive data trends highlighted within their report include; a 12% jump in the number of residential units purchased and a 19% increase in the total value transacted during Q1 2021. There has also been renewed interest in the UAE's real estate market by foreign buyers. *"Strict travel restrictions, lockdowns and the looming threat of tightening fiscal policies have given plenty of motivation to high net worth Europeans looking to invest in the UAE. We have seen a large number of Europeans who came to escape lockdown, take advantage of or relaxations in visa rules and extend their stays, with many now looking to buy holiday homes or become residents themselves. The number of transactions record by British, Italian, French, and German buyers increased by 168% since Q1 2020, with luxury villas and apartments on the Palm and other coastal areas being in particularly high demand."* Betterhomes Group Managing Director Richard Waind, was quoted as saying by the 'Construction Week' website. You can access more details about this report [here](#).

### **Etihad Airways To Reduce Use Of Its Boeing 777-300ER Aircraft.**

The CEO of Abu Dhabi based Etihad Airways, Tony Douglas, has said that the company plans to structure its fleet around smaller wide-body aircraft and expand its venture with Air Arabia once the COVID-19 travel restrictions have been eased. Etihad will thus stop operating its Boeing 777-300ERs by the end of this year, and concentrate more on using Airbus A350-1000 and Boeing 787 aircraft. *"For Etihad, we're confident that this pandemic will enable us to use the transformation process to potentially come out of this stronger, to come*

out of this proudly as a full-service mid-size carrier,” Douglas was quoted as saying by the UAE’s ‘National’ newspaper. You can read more details on the airline’s [plans here](#).

### **L&T Wins Oil Supply Base Contract in Saudi Arabia.**

India’s Larsen & Toubro Construction, has been awarded the contract to design and build one of the world’s largest oil & gas supply bases in Dammam Saudi Arabia, according to the ‘Business Standard’ newspaper. “This project will act as a business incubator to support the oil and gas industry in the Kingdom and help accelerate industrial growth in the energy sector. It has strategic significance for L&T too, marking our future growth in such a potential-rich market like the Kingdom of Saudi Arabia,” the senior executive Vice President (Buildings) of L&T, MV Satish, was quoted as saying.

### **ACWA Power Seals Solar Plant Contract In Egypt.**

Saudi Arabia’s ACWA Power recently finalized agreements with the Egyptian government for the construction of a 200-MW solar photovoltaic plant in the North African country. Financing for the project will come from various sources including the EBRD, AfDB and the OPEC Fund for International Development. Construction of the plant is due to begin early in the third quarter of 2021, and will reportedly take approximately one year to complete.

### **FX/RATES & CRUDE MARKETS:**

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	-1/Par	-1/Par	-2/Par	-2/Par	1/4	5/10	50/70
USD/SAR	3.7500/03	5/8	7/10	8/13	12/17	17/22	24/29	90/120
USD/KWD	0.30110/130	20/30	50/60	65/85	135/165	205/235	275/305	440/540
USD/OMR	0.38500/505	4/14	12/22	20/35	50/70	90/120	150/180	375/475
USD/BHD	0.37695/705	15/20	28/38	35/50	75/95	100/130	130/160	250/350
USD/MAD	8.8900/9100	50/150	100/250	150/350	300/600	400/900	600/1500	1800/3800
USD/EGP NDF	15.68	15.78/15.83	15.90/15.95	16.02/16.07	16.41/16.46	16.81/16.86	17.20/17.25	-
USD/JOD	0.7093/7098	70/120	170/270	250/350	475/675	600/1000	850/1350	1000/2500
USD/NGN NDF	409.83	411.75/415.75	415.00/420.00	419.00/424.00	431.00/436.00	444.00/449.00	457.00/467.00	(NAFEX)
USD/GHS NDF	5.7800	5.79/5.84	5.83/5.89	5.90/5.97	6.06/6.16	6.29/6.39	6.50/6.62	-
USD/TND	2.7400/7600	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	61.50							
Brent	65.55							

**\*\* (GCC FX indications above are offshore levels only)**

### **AED AND SAR IRS SPREADS**

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+16/22	+21/27	+26/32	+30/36	+34/40	+37/43	+39/45	+51/57
SAR SPREAD	+60/66	+64/70	+68/74	+73/79	+77/83	+81/87	+85/91	+101/107

**Note: We can quote options in the AED & SAR.**

### **AND FINALLY...**

*Did you know that hydrogen is the most abundant element on the planet, whilst helium comes in second?*

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